3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

652

expenditure within the Plan 3,320 million forint were provided in the budget. As to the out-turn, the Minister of Finance declared in a speech delivered in December 1949 that the total expenditure was expected to approximate 13,000 million forint, an increase corresponding to that of the revenue. For investment under the Plan an amount exceeding the estimate by more than 1,000 million forint was appropriated.

The expansion of economic activity had to be supported by adequate credit facilities. During 1948 movements in the accounts of the National Bank were largely governed by technicalities in consequence of the reshaping of the banking system. The reform resulted in a concentration of the total current banking business within the National Bank. Note circulation, an item presumably unaffected by these shifts, rose between August and December by 27 per cent, a change in accordance with seasonal trends and the general expansion of the economy.

For 1949 the marked increase in production and employment was reflected in the upward movement of the loans granted by the National Bank, and in the corresponding movement of deposits, while the note circulation, quite out of accord with seasonal and general trends, declined in the second half of the year. It is true that, in connexion with the banking reform in 1948, provision was made for restricting the use of currency in settling business transactions. A ruling was then put into force according to which between nationalized enterprises amounts exceeding 500 forint should be paid by transfers on accounts. For payments outside this circle the limit for the use of currency was drawn at 3,000 forint. It is surprising, however, that this ruling should suddenly have had such a palpable effect as from the third quarter of 1949. Irrelevant though it is whether a strain on the financial system manifests itself in an increased circulation of bank money or of currency, it is not quite indifferent, in a psychological sense. It was on the note circulation that the attention of the Hungarian public, unversed in monetary questions, was focused. The following table shows the movements pointed out:

NATIONAL BANK OF HUNGARY

	Gold	*Foreign Exchange*	*Bills*	*Loans*	*Notes*	*Deposits*
			in million forint			
1948						
July	403	50	730	778	2,224	730
December	412	153	50	5,982	2,816	3,691
1949						
June	412	207	3	7,147	3,007	4,620
September	445	115	3	8,112	3,175	5,335
December	480	32	—	8,557	2,629	6,492

[436]

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

p 133

APPENDIX

804

Table of Conversion

1 kilogramme	=	2·205 lb.
1 quintal	=	220·5 lb.
1 metric ton	=	0·984 ton
1 metre	=	1·094 yard
1 kilometre	=	0·621 mile
1 cadastral yoke*	=	5,754·6 sq. metre
	=	1·42 acre
1 hectare	=	2·471 acre
1 sq. kilometre	=	0·386 sq. mile

* Cadastral yoke is the unit used in official publications; the farmers employ another yoke equal to 0·75 cad. yoke. In this study yoke refers throughout to cad. yoke.

In connexion with crops and agriculture, 1945–6, 1946–7, etc., denote periods from 1 July to 30 June. The crop 1946–7 means the one sown in 1946 and 1947, while reaped in the course of 1947.

The forint is reckoned at 50 to £1, being approximately the rate prevailing before the devaluation of sterling in September 1949 (47·31). 436

Table I

Production

433

[241]

Agriculture

	1934–8	*1945–6*	*1946–7*	*1947–8*	*1948–9**
Sown area (1,000 yoke)	9,526	9,060	9,350	9,460	9,494
Reaped area (1,000 yoke)	9,400	8,440	8,900	—	—
Main Crops (in million quintal)					
Wheat	22·2	11·3	12·6	15·8	—
Rye	7·0	4·2	5·6	7·2	—
Barley	6·1	4·4	4·0	7·1	—
Maize	23·0	13·6	17·8	29·6	—
Potatoes	21·3	11·4	14·6	23·3	—
Sugar-beet	9·6	5·2	11·6	15·9	—
Livestock (1,000 head)					
Cattle	1,882†	1,007	1,223	1,841	2,004
Pigs	3,110†	1,152	1,717	2,792	2,820
Horses	814†	370	424	575	657
Sheep	1,629†	313	397	570	593

* Figures on crops not published.
† 1937–8.

Mining, Manufacturing Industry

Yearly output	*1938*	*1946–7*	*1947–8*	*1949*
Coal (1,000 ton)	9,360	7,750	9,860	11,500
Bauxite (1,000 ton)	470	250	400	—
Crude oil (1,000 ton)	43	640	500	—
Natural gas (1,000 cu. metre)	8,100	—	205,000	—
Iron ore (1,000 ton)	370	210	260	—
Steel (1,000 ton)	647	510	720	806
Cotton piece-goods (1,000 metre)	—	91,500	—	160,000
Woollen cloth (1,000 metre)	—	9,300	—	25,000

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

434

1948	*Total Index*	*Food*	*Clothing*
January	128·4	153·1	113·2
February	132·6	159·9	113·2
March	130·0	154·8	112·7
April	130·6	156·3	112·1
May	132·5	158·5	112·8
June	124·2	142·1	112·8
July	117·0	128·0	112·8
August	115·2	124·1	113·4
September	110·1	113·9	114·0
October	114·8	120·6	114·0
November	115·7	122·8	112·6
December	115·3	122·3	112·6
1949			
January	113·9	119·6	112·6
February	111·4	114·6	112·6

652

Table V

Finance and Credit

(1) *Budget*

	1937–8	*1946–7*	*1947–8*	*1949*
	million forint			
Total expenditure of which	6,215	3,701	6,300	13,000
Current on goods and services	5,755	2,265	3,758	—
International commitments	—	1,436	1,709	—
Plan investment	—	—	833	4,300
Total revenue of which	6,178	3,703	6,397	—
Current	6,084	2,891	6,087	—
Borrowing and other extraordinary	99	812	359	—

(2) *National Bank of Hungary*

652
436

	Gold and Foreign Exchange	*Bills*	*Loans on Current Account*	*Advance to Treasury*	*Notes in Circulation*	*Sight Liabilities*	*Deposits*
			million forint				
1946							
31 August	278	374	—	—	356	147	—
31 December	338	495	—	342	968	161	—
1947							
31 July	501	920	—	340	1,592	93	—
31 December	501	1,663	—	340	1,992	319	—
1948							
31 July	452	1,730	779	340	2,224	334	730
31 December	556	50	5,981	337	2,817	29	3,691
1949							
31 July*	600	3	7,331	309	3,094	3	4,716
31 December	512	—	8,557	288	2,629	3	6,492

* Banking reform in progress.

453
454

(3) *Total Deposits of Commercial Banks and Savings Institutions*

	million forint
1938	11,630
1946 August	81
December	435
1947 July	791
December	1,265
1948 July	1,432*

* Including 389 million forint held by the National Bank, the transfer of the assets and liabilities of the other banks to the National Bank being in progress.